

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

This Statement sets out the principles features of IOIPG Group's corporate governance framework and main governance practices. At IOIPG Group, we continue to practice a governance framework that goes beyond an interest in governance for its own sake or the need to simply comply with regulatory requirements. In the same of spirit, we do not see governance is just a matter for the Board of Directors (the "Board"). Good governance is also the responsibility of senior management.

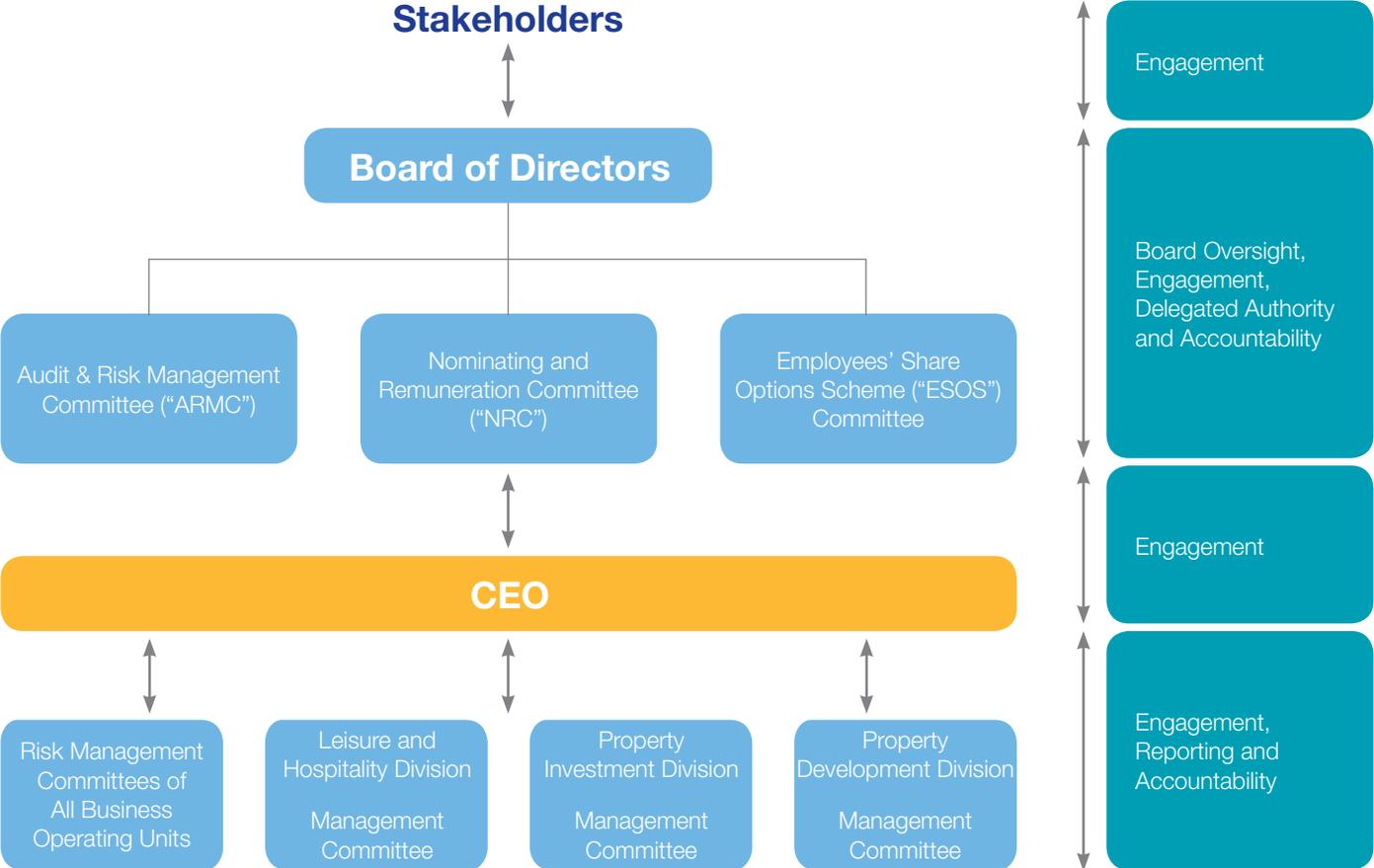
The Board recognises the paramount importance of good corporate governance to the success of the Group. It strives to ensure that a high standard of corporate governance is being practised throughout the Group in ensuring continuous and sustainable growth for the interests of all its stakeholders.

The Group's corporate governance practices are guided by its "Vision IOI" whereby responsible and balanced commercial success is to be achieved by addressing the interests of all stakeholders. A set of core values guides our employees at all levels in the conduct and management of the business and affairs of the Group. We believe that good corporate governance results

in quantifiable and sustainable long term success and value for shareholders as well as all other stakeholders, as reflected by our performance and track record over the years. During the financial year, the Group has received numerous accolades and awards in recognition of its efforts.

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing needs of the Group. The Board is pleased to present this Statement and explain how the Group has applied the principles and recommendations set out in the Malaysian Code on Corporate Governance 2012 (the "Code"). The diagram below describes the governance framework at IOIPG Group. It shows interaction between the stakeholders and the Board, demonstrates how the Board Committee structure facilitates the interaction between the Board and the Chief Executive Officer ("CEO") and illustrates the flow of delegation from stakeholders. We have process in place to ensure the delegation flows through the Board and its committees to the CEO and management committees and into the organisation. At the same time, accountability flows back upwards from the Company to stakeholders.

GOVERNANCE FRAMEWORK



The Group has complied with the principles and recommendations of the Code save for the following recommendation and will further review its corporate governance practices to bring the same in line with the recommendations under the Code:

The Code Recommendation	Compliance	Explanation
<p>Recommendation 3.4 The positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive independent member of the Board</p>	<p>The departure from the Recommendation 3.4 is only limited to non-executive Chairman and the reasons for such departure is listed.</p>	<p>The Executive Chairman is Tan Sri Dato' Lee Shin Cheng and the role of CEO is fulfilled by Lee Yeow Seng. Their roles are separate and a clear division of responsibilities to distinguish between the running of the Board and the executive responsibility for running the business.</p> <p>Despite our Chairman is an executive member of the Board, the Board has the presence of Independent Directors with distinguished records and credentials to ensure that there is independence of judgement.</p> <p>The NRC was satisfied that notwithstanding Tan Sri Lee's executive chairmanship, he has continued to discharge his duties effectively and has shown tremendous commitment and had played an integral role in the stewardship of IOI Properties Group Berhad.</p>

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

The responsibilities of the Board, which should be set out in a Board Charter, include management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings.

Recommendation 1.1

The Board should establish clear functions reserved for the Board and those delegated to management

The Board takes full responsibility for the oversight and overall performance of the Company and of the Group. The Board has a well-defined framework on the various categories of matters that require the Board's approval, endorsement or notations, as the case may be.

The Board reserves full decision-making powers, amongst others, on the following matters (save to the extent that the Board resolves that determination and/or approval of any such matter shall be delegated to the committees of the Board or management):-

- a) Conflict of interest issues relating to a substantial shareholder or a Director;
- b) Material acquisitions and disposals of undertakings and properties not in the ordinary course of business;
- c) Material investments in capital projects;
- d) Annual budgets (including major capital commitments);
- e) Material corporate or financial exercise/restructuring; and
- f) Declaration of dividend and Directors' fees.

The Board is free to alter the matters reserved for its decision, subject to the limitations imposed by the Articles of Association and the law.

To ensure the effective discharge of Board's function and responsibilities, the Board delegates some of the Board authorities and discretion to the CEO as well as the properly constituted Board Committees.

The Executive Chairman leads the Board and is responsible for the effective performance of the Board. As Executive Chairman, he also oversees the day-to-day operations to ensure the smooth and effective running of the Group.

The CEO implements the policies, strategies and decisions adopted by the Board. All Board authorities conferred on the management is delegated through the CEO, Chief Operating Officers ("COOs") and this will be considered as their authority and accountability as far as the Board is concerned.

The CEO takes on primary responsibility for managing the Group's day-to-day business and resources. His intimate knowledge of the business and his "hands-on" management practices enabled the Group to have leadership positions in its chosen industries. COOs and the head of each division are responsible for supporting the CEO and assisting the CEO in implementing and running the Group's day-to-day business.

The Independent Non-Executive Directors are actively involved in various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals sponsored by the CEO and COOs.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Recommendation 1.2

The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions

The duties and responsibilities of the Board are clearly spelt out in the Board Charter. To facilitate the discharge of this responsibility and oversight role, the Board is assisted by a number of Board Committees to which the Board has delegated certain key matters.

The Board Committees namely, the ARMC, NRC and the ESOS Committee, all collectively referred to hereafter as the "Committees" are entrusted with specific responsibilities to oversee the Group's affairs, in accordance with their respective clear written terms of reference. All terms of reference of the Committees are approved by the Board and reviewed periodically to ensure their continued relevance. At each meeting, the Chairmen of the Committees report to the Board on the key issues deliberated and outcome of the Committees meetings. Minutes of the Committees meetings will also be presented to the Board for notation and endorsement.

The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group's resources towards realising "Vision IOI".

The Board assumes, amongst others, the following significant responsibilities:-

- a) reviewing and adopting strategic plans for the Group, including monitoring the implementation of the strategic plan by management;
- b) overseeing the conduct of the Group's businesses and the performance of management to determine whether its businesses are being properly managed;
- c) identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- d) ensuring all candidates appointed to the Board are of sufficient calibre, including having in place a process to provide for the orderly succession of the members of the Board and diversity (including gender diversity);
- e) overseeing the development and implementation of an investor relations programme and shareholder communications policy; and
- f) reviewing the adequacy and integrity of the Group's internal control and management information systems.

Recommendation 1.3

The Board should formalise ethical standards through a code of conduct and ensure its compliance

All Directors and employees are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

The Company's Code of Business Conduct and Ethics sets forth the standard of conduct required for all officers, managers and employees of the Group. It covers all aspect of the Group's business operations, such as fairness, work environment and employment, environment, safety, health and security, company assets and information, dealing with conflict of interest, communicating with the public, financial accounting and reporting accuracy and etc.

In discharging its responsibilities, the Board is guided by Code of Ethics for Directors. Directors are expected to conduct themselves with the highest ethical standards and corporate governance.

The Group communicates the Code of Ethics for Directors and Code of Business Conduct and Ethics to all Directors and employees upon their appointment/employment.

In addition, IOIPG Group encourages its employees to raise genuine concerns about possible improprieties in matters of financial reporting, compliance, suspected violations of IOI Group's Code of Business Conduct and Ethics and to disclose any improper conduct or other malpractices within IOIPG Group (i.e. whistleblowing) in an appropriate way.

The Whistleblowing Policy is to provide an avenue for all employees of IOIPG Group and all agents, vendors, contractors, suppliers, consultants and customers of IOIPG Group and members of public to raise concerns about any improper conduct within IOIPG Group without fear of retaliation and to offer protection for such persons (including the employees of IOIPG Group) who report such allegations.

Any employee or member of the public who has knowledge or is aware that any improper conduct has been, is being, or is likely to be committed within IOIPG Group is encouraged to make disclosure by filling a prescribed Whistleblower Report Form and submit it through any of the following reporting channels:

- a) Email to informant@ioigroup.com or complete an online whistleblowing form on the IOIPG Group website, <http://whistleblowing.ioiproperties.com.my>
- b) Fax to +(603) 8948 8233. Whistleblowing Secretariat – Group Internal Audit, Tel: +(603) 8947 8888 (General line)
- c) In person to the respective Head of Business/Operating Unit, or its Head of Human Resource
- d) In writing to one or more of the following persons as appropriate at: IOI Properties Group Berhad, Level 10, Two IOI Square, IOI Resort, 62502 Putrajaya, Malaysia

Position	Name	Email address
Chairman of ARMC	Datuk Tan Kim Leong	kltan@ioigroup.com
Head of Group Internal Audit & Risk Management	Jimmy Yee Yoke Seng	jimmy.yee@ioigroup.com
Executive Chairman	Tan Sri Dato' Lee Shin Cheng	sclee@ioigroup.com
CEO	Lee Yeow Seng	ysl@ioigroup.com
Chief Operating Officer (Property Development)	Teh Chin Guan	cgteh@ioigroup.com
Chief Operating Officer (Property Investments)	Cheah Wing Choong	wccheah@ioigroup.com
Senior General Manager (Johor Properties)	Simon Heng Kwang Hock	simon.heng@ioigroup.com
Senior General Manager (Johor Properties)	Lim Beng Yeang	limby@ioigroup.com

The Code of Ethics, Code of Business Conduct and Ethics and Whistleblowing Policy can be viewed on our website.

Recommendation 1.4

The Board should ensure that the Company's strategies promote sustainability

The Group recognises that the pursuit of property development inevitably impacts the environment and takes steps to minimise the potentially harmful effects of such activities wherever practicable. IOIPG is therefore committed to developing in a sustainable way in tandem with environmental, economic and social consideration.

The motivation for IOIPG Group to engage in environmentally responsible practices is reflected in the benefits of sustainable commercial and residential property practices. As an organization seeks to enhance its probability of achieving business success and sustainability, the Group has moved through several phases, during which it progressively broadens the scope of its approach: first quality management, then business excellence, and finally business sustainability. Our commitment to sustainability continues to accelerate our business strategy.

The Group has a longstanding track record of thinking through how our developments can integrate with the local community and bring direct benefits as the planning process unfolds. The Group also has a commitment to find innovative ways to enhance learning and encourage local school and business links.

The Group promotes a high level of health and safety through the following initiatives, which include among others:-

- health and safety meeting;
- provision of required safety equipment to employees and guests visiting potentially hazardous sites such as those under construction; and
- participation in building emergency and evacuation procedures and assistance in developing related protocols.

The Group is committed to expanding its community/charity program to enable increased engagement with, and support for, relevant and registered community or charitable organisations.

Recommendation 1.5

The Board should have procedures to allow its members access to information and advice

All Board members are supplied with information in a timely manner. Board reports are circulated prior to the Board meetings to enable the Directors to obtain further information and explanation, where necessary, before the meetings.

The Board reports include, amongst others, periodical financial and corporate information, significant operational, financial and corporate issues, performance of the various business units and management proposals that require Board's approval.

Detailed periodic briefings on industry outlook, company performance and forward previews (forecasts) are also conducted for the Directors to ensure that the Board is well informed of the latest market and industry trends and developments.

From time to time and where necessary, the Directors, whether as a group or individually, with the consent of the Chairman, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same.

Recommendation 1.6

The Board should ensure it is supported by a suitably qualified and competent Company Secretary

The Company Secretary, Mr Vincent Tan Choong Kiang, assumed his role in 2013, having had 19 years' experience in corporate secretarial practice. He is a fellow member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). He is also a Council Member of MAICSA and Chairman of the Editorial Board, Chairman of the Annual General Meeting ("AGM") Guide Task Force and Deputy Chairman of the Conference Organising Committee 2015/2016.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

The Board has direct access to the advice and services of a Company Secretary who is responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretary is also charged with highlighting all compliance and governance issues which they feel ought to be brought to the Board's attention.

The Company Secretary also facilitates the communication of key decisions and policies between the Board, Board Committees and senior management. In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretary has oversight on overall corporate secretarial functions of the Group, both in Malaysia and the region where the Group operates.

Recommendation 1.7

The Board should formalise, periodically review and make public its Board Charter

The Board adopts the Board Charter to outline the manner in which its constitutional powers and responsibilities of the Board will be exercised and discharged, having regard to principles of good corporate governance, international best practice and applicable laws.

The Board Charter is established to provide guidance and clarity for the Board's roles and responsibilities as well as the powers between the Board and the management, the different committees established by the Board, between the Executive Chairman, CEO and Independent Non-Executive Directors.

The Board Charter can be viewed on our website. The Board Charter comprises, among others, the following areas:

- Roles of the Board and Board Committees
- Role of Individual Directors
- Role of Senior Independent Non-Executive Director
- Role of Chairman and CEO
- Board Composition and Balance
- Board Evaluation
- Meetings
- Remuneration Policies
- Access to Information and Independent Advice
- Financial Reporting
- Stakeholders Communication
- Company Secretary
- Conflict of Interest
- Code of Business Conduct and Ethics

The Board will review the Board Charter every two (2) years and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices. Any updates to the principles and practices set out in this Charter will be made available on the Company's website.

PRINCIPLE 2: STRENGTHEN COMPOSITION

The Board should have transparent policies and procedures that will assist in the selection of Board members. The Board should comprise members who bring value to Board deliberations.

Recommendation 2.1

The Board should establish a Nominating Committee which should comprise exclusively of Non-Executive Directors, a majority of whom must be independent

The NRC of the Board comprises exclusively three (3) Independent Non-Executive Directors as follows:-

NRC Members	Designation
Tan Sri Ong Ka Ting	Chairman, Senior Independent Non-Executive Director
Datuk Tan Kim Leong @ Tan Choong Min	Member, Independent Non-Executive Director
Datuk Dr Tan Kim Heung	Member, Independent Non-Executive Director

The NRC is responsible to review and recommend the appropriate remuneration policies applicable to Directors and CEO, the appointment and evaluation of the performance of the Directors and Board Committees. The full term of reference of NRC is available on our website.

The main activities of the NRC were as follows:

1. Reviewed the Executive Directors' remunerations and Directors' Fees;
2. Performance evaluation of the Board, various Board Committees and key officer(s) of the Company;
3. Evaluation of Directors seeking re-election and re-appointment at the forthcoming AGM prior to their endorsement by the Board; and
4. Deliberated on the gender diversity of boardroom prior to the new appointment of Director.

Recommendation 2.2

The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, management or external parties including the Company's contacts in related industries, and finance, legal and accounting professions. The NRC, where necessary, meets with the shortlisted candidates to assess their suitability before formally considering and recommending them for appointment to the Board.

In reviewing and recommending to the Board any new Director appointments, the NRC considers: (a) the candidate's independence, in the case of the appointment of an Independent Non-Executive Director; (b) the composition requirements for the Board and Committees (if the candidate is proposed to be appointed to any of the Committees); (c) the candidate's age, track record, skills, knowledge, expertise, experience, professionalism, integrity, capabilities and such other relevant factors as may be determined by the NRC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Board through the NRC also annually reviews its required mix of skills and experience and other qualities, including core competencies which the Directors should bring to the Board. The Board has also implemented a process to be carried out by the NRC annually for continuous assessment and feedback to the Board on the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

When deliberating on the performance of a particular Director who is also a member of the NRC, that member abstains from the discussions in order to avoid any conflict of interests. The NRC will reassess the qualifications of a Director, including the Director's past contributions to the Board and the Director's attendance and contributions at Board and Committee meetings, prior to recommending a Director for re-election or re-appointment to another term. The results of the individual evaluation of the Directors are also used by the NRC, in its consultation with the Chairman of the Board, to review, where appropriate, the composition of the Board and Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

The performance of COOs and Chief Financial Officer and other key executives are reviewed yearly by the CEO.

Board Evaluation Criteria

The Board evaluation comprises Performance Evaluation of the Board and various Board Committees, Director's Peer Evaluation and Independent Directors' Self-Assessment.

The assessment of the Board is based on four (4) main areas relating to Board structure, Board operations, Board and Chairman's roles and responsibilities and Board Committees' role and responsibilities.

For Director's Peer Evaluation, the assessment criteria include abilities and competencies, calibre and personality, technical knowledge, objectivity and the level of participation at Board and Committee meetings including his contribution to Board processes and the business strategies and performance of the Group.

The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his involvement in any significant transaction with the Group.

During the year under review, the Board conducted an internally facilitated Board assessment. Directors provide anonymous feedback on their peers' performance and individual performance contributions to the Board. The review supported the Board's decision to endorse all retiring Directors standing for re-election.

Re-election and Re-appointment of Directors

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board are subject to re-election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the next AGM.

The Director retires by rotation due for re-election pursuant to Article 87 of the Articles at the forthcoming Third AGM is Datuk Dr Tan Kim Heung. The profile of the Director who is due for re-election is set out on page 059.

The Directors who are due for retirement and re-appointment in accordance to Section 129 of the Companies Act, 1965 at the forthcoming Third AGM are Tan Sri Dato' Lee Shin Cheng and Datuk Tan Kim Leong @ Tan Chong Min. Their profiles are set out on pages 055 and 059.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

Diversity

The Board recognises the value of appointing individual Directors who bring a variety of diverse opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and its decision-making processes. All appointments to the Board will be made on merit while taking into account suitability for the role, board balance and composition, the required mix of skills, background and experience (including consideration of diversity). Other relevant matters will also be taken into account, such as independence and the ability to fulfill required time commitments in the case of Non-Executive Directors.

The Board recognises the challenges in achieving the right balance of diversity on the Board. This will be done over time, taking into

account the present size of the Board, the valuable knowledge and experience of the present Board members and the evolving challenges to the Company over time. Nevertheless, the Board is endeavouring to have a women board member in the near future.

We are committed to diversity and have had an equal employment opportunity policy that goes beyond gender in terms of promoting diversity in our business, in place for some time. The Board has not set specific gender diversity targets at this time. We have a relatively even spread of employees across all age brackets which is reflective of our culture of teamwork and respect. Below is a summary of the gender mix of our team (excluding foreign workers):

Employees diversity gender disclosure

Age Bracket	Headcount of All Employees	% of All Employees	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
20 – 29	610	33.52	356	32.33	254	35.33
30 – 39	644	35.39	348	31.61	296	41.17
40 – 49	383	21.04	257	23.34	126	17.52
50 – 59	166	9.12	126	11.45	40	5.56
60 – 69	16	0.88	13	1.18	3	0.42
70 & above	1	0.05	1	0.09	–	–
Grand Total	1,820	100.00	1,101	100.00	719	100.00



Management position and Directors on the Board of IOIPG

Category	Total Headcount	Headcount of Male Employees	% of Male Employees	Headcount of Female Employees	% of Female Employees
In management position (Manager & above)	193	126	65.28	67	34.72
Directors on the Board of the Company	7	7	100.00	–	–

In management position



Recommendation 2.3

The Board should establish formal and transparent remuneration policies and procedures to attract and retain Directors

The NRC reviews and submits recommendation to the Board on remuneration packages of Directors in accordance with the Company's policy guidelines which sets a proportionately high variable pay component to the remuneration package so as to strongly link remuneration to performance, experience and the level of responsibilities.

All Directors are paid annual fees and meeting allowance for each Board meeting that they attend. The level of remuneration of Non-Executive Directors reflects their experience and level of

responsibility undertaken by them. Hence, the members of the ARMC and the Chairman of NRC receive additional fees taking into consideration the nature of their responsibilities. The fees for Directors are determined by the full Board with the approval from shareholders at the AGM. The components of the Executive Director's remuneration are structured to link rewards to corporate and individual performance.

No Director is involved in deciding his own remuneration.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 30 June 2015 are as follows:

1. Aggregate remuneration of Directors categorised into appropriate components:

	Fees RM'000	Salaries RM'000	Bonus & Incentives RM'000	Benefits- in-kind RM'000	EPF RM'000	Others RM'000	Total RM'000
Executive Directors	190	5,400	27,662	32	3,967	20	37,271
Non-Executive Directors	580	–	–	40	–	46	666

2. Number of Directors whose remuneration falls into the following bands:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
RM50,000 to RM100,000	–	–
RM100,001 to RM150,000	–	5
RM150,001 to RM12,250,000	–	–
RM12,250,001 to RM12,300,000	1	–
RM12,300,001 to RM25,000,000	–	–
RM25,000,001 to RM25,050,000	1	–

For financial year ended 30 June 2015, none of the Directors was offered share options under the Company's ESOS.

The Board is mindful of the disclosure of details of the remuneration of each Director. The Company complies with the disclosure requirements under the Main Market Listing Requirements of Bursa Securities i.e. disclosure of Directors' Remuneration by applicable bands of RM50,000. The Board is of the view that the transparency and accountability aspects of Corporate Governance as applicable to Directors' Remuneration are appropriately served by the above band disclosure.

PRINCIPLE 3: REINFORCE INDEPENDENCE

The Board should have policies and procedures to ensure effectiveness of Independent Directors.

Recommendation 3.1

The Board should undertake an assessment of its Independent Directors annually

Recommendation 3.5

The Board must comprise a majority of independent directors where the Chairman of the Board is not an independent director

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Presently, the Board comprises seven (7) members, of whom two (2) are Executive Directors, four (4) are Independent Non-Executive Directors and one (1) is Non-Independent Non-Executive Director. The Board composition complies with the Main Market Listing Requirements of Bursa Securities that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.

Although a relatively mid-sized Board, it provides an effective blend of entrepreneurship, business and professional expertise in business and risk management, financial (including audit, tax and accounting), legal and technical areas of the industries the Group is involved in. The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction. Taking into account the scope and nature of the operations of the Group, the Board is satisfied that the current composition and size of the Board provide for sufficient diversity and yet allow for effective decision making.

A brief profile of each Director is presented on pages 054 to 059 of the Annual Report, and the Notice of AGM for Directors proposed for re-election and re-appointment at the 2015 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

The Board with the assistance of the NRC reviews the independence of Directors annually according to the criteria on independence set out in the Main Market Listing Requirements and Practice Notes of Bursa Securities on independence.

A Director may be considered independent in character and judgement if he/she is independent of management and free from any business or other relationship which could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company.

Without limiting the generality of the foregoing, an independent director is one who:

- (a) is not an executive director of the Company or any related corporation of the Company;
- (b) has not been within the last two (2) years and is not an officer (except as a non-executive director) of the Company. For this purpose, "officer" has the meaning given in Section 4 of the Companies Act, 1965;

- (c) is not a major shareholder the Company;
- (d) is not a family member of any executive director, officer or major shareholder of the Company;
- (e) is not acting as a nominee or representative of any executive director or major shareholder of the Company;
- (f) has not been engaged as an adviser by the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the Company under such circumstances as prescribed by Bursa Securities; or
- (g) has not engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the Company under such circumstances as prescribed by Bursa Securities.

In addition to the annual review by the NRC of the Directors' independence, each Independent Non-Executive Director also submits an annual declaration.

In accordance with the best practices in corporate governance, Tan Sri Ong Ka Ting continues to play his role as the Senior Independent Non-Executive Director of the Board to whom concerns of shareholders and stakeholders may be conveyed. The Senior Independent Non-Executive Director may be contacted at Tel: +(603) 8947 8900 and email: ktong@ioigroup.com. Upon the retirement of Tan Sri Ong Ka Ting after the conclusion of the 3rd AGM, Datuk Tan Kim Leong @ Tan Chong Min shall be the contact person until further notice.

Recommendation 3.2

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director

Recommendation 3.3

The Board must justify and seek shareholders' approval in the event if retains as an Independent Director, a person who has served in that capacity for more than nine (9) years.

The Board has adopted a letter of appointment that contains the terms on which Non-Executive Directors will be appointed. The letter of appointment clearly defines role of Directors, including among others, the expectations in terms of independence participation, time commitment and continuous improvement.

Currently, the office tenure of other existing Independent Non-Executive Directors is still less than five (5) years. The Board is mindful of the compliance of the Recommendations 3.2 and 3.3 of the Code. The Board also believes that each of them has retained independence of character and judgement and has not formed associations with management that might compromise their ability to exercise independent judgement or act in the best interests of IOIPG Group.

PRINCIPLE 4: FOSTER COMMITMENT

Directors should devote sufficient time to carry out their responsibilities, regularly updates their knowledge and enhance their skills.

Recommendation 4.1

The Board should set out expectations on time commitment for its members and protocols for accepting new directorships

The Board is satisfied with the level of time commitment by each of the Directors toward fulfilling their roles on the Board and Board Committees.

The Board has at least five (5) regularly scheduled meetings annually, with additional meetings for particular matters convened as and when necessary. Board meetings bring an independent judgement to bear on issues of strategies, risks, performance, resources and standards of conduct.

Eight (8) Board meetings were held during the financial year ended 30 June 2015. The attendance record of each Director since the last financial year was as follows:

	Total Number of Meetings	Number of Meetings Attended
Executive Directors	8	8
Tan Sri Dato' Lee Shin Cheng		
.....		
Lee Yeow Seng	8	8
.....		
Non-Executive Directors	8	8
Tan Sri Ong Ka Ting		
.....		
Dato' Lee Yeow Chor	8	7
.....		
Datuk Tan Kim Leong @ Tan Chong Min	8	8
.....		
Datuk Lee Say Tshin	8	7
.....		
Datuk Dr Tan Kim Heung	8	8

The Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary. The Directors are also expected to comply with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities on the maximum number of five (5) directorships they can hold in public listed companies to ensure that all Directors are able to commit sufficient time for the Company.

To facilitate the Directors' time planning, an annual meeting calendar is prepared and circulated to them before the beginning of every financial year. It provides the schedules dates for meetings of the Board and Board Committees as well as the AGM.

Recommendation 4.2

The Board should ensure its members have access to appropriate continuing education programmes

Training needs as deemed appropriate by individual Board members are provided. Board members keep abreast with general economic, industry and technical developments by their attendances at appropriate conferences, seminars and briefings.

All the Directors had completed the Mandatory Accreditation Programme ("MAP") as specified by Bursa Securities.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

During the financial year, members of the Board who have attended various training programmes, forums, conferences and seminars are as follows:

Tan Sri Dato' Lee Shin Cheng	HSBC Forum in Malaysia: China Globalising; RMB Rising	12 August 2014
	18th China International Fair for Investment & Trade	8 September 2014
	Malaysia Current Economic Development & Financial Position by Prime Minister	20 January 2015
	Special Session on National Blue Ocean Strategy ("NBOS")	27 January 2015
	Reach & Remind Friends of the Industry Seminar 2015 and Dialogue with the Minister of Plantation Industries and Commodities Malaysia	12 February 2015
	BOAO Forum for Asia: Energy, Resources and Sustainable Development Conference	11 June 2015
	"One Belt and One Road" Malaysia-China Economic Conference and Business Matching	29 June 2015
	Lee Yeow Seng	HSBC Forum in Malaysia: China Globalising; RMB Rising
	Family Business Network ("FBN") Family Retreat	30 October 2014 to 1 November 2014
Tan Sri Ong Ka Ting	Overview of Environmental, Social & Governance ("ESG") Index and Industry Classification Benchmark	20 August 2014
	18th China International Fair for Investment and Trade ("CIFIT") 2014	8 September 2014
	APEC China 2014 CEO Summit	8 to 10 November 2014
	Continuous Listing Obligations of Directors (Roles and Responsibilities of Directors under the Listing Requirements)	27 November 2014
	China (Fujian) – Malaysia Economic and Trade Promotion Forum	10 December 2014
	Zhejiang-Malaysia Investment and Trade Symposium 2014	21 April 2015
Dato' Lee Yeow Chor	4th International Palm Oil Sustainability Conference ("IPOS")	19 August 2014 to 20 August 2014
	Innovating Malaysia Conference	28 August 2014 to 29 August 2014
	Palm Oil Trade Seminar, Shanghai	15 September 2014 to 16 September 2014
	Palm Oil Trade Seminar, Kuala Lumpur	28 October 2014 to 29 October 2014
	FBN Family Retreat	30 October 2014 to 1 November 2014
	Strength Based Leadership Workshop for Managers	26 January 2015 to 27 January 2015
	Palm & Lauric Oil Price Outlook Conference	3 March 2015 to 4 March 2015
	Palm Oil Trade Show at Seoul, Korea	27 April 2015 to 28 April 2015

Datuk Tan Kim Leong @ Tan Chong Min	Audit Committee Workshop Series 3: Oversight of Financial Reports and Compliance	7 August 2014
	Audit Committee Workshop Series 4: Enhancing Audit Quality: Role of Audit Committee	7 August 2014
	Roles and Responsibilities of Directors in relation to Financial Statements (Appendix 1 of Bursa Malaysia's Letter)	28 August 2014
	Risk Management & Internal Control – Workshops for Audit Committee Members	13 October 2014
Datuk Lee Say Tshin	HSBC Forum in Malaysia: China Globalising; RMB Rising	12 August 2014
	Risk Management & Internal Control – Workshops for Audit Committee Members	13 October 2014
	HSBC Asian Outlook 2015 Conference	19 January 2015
	Kuala Lumpur Investment Update 2015	22 January 2015
	HSBC Forum in Hong Kong : RMB, Reform and China's Global Future	26 March 2015
	Secretariat for the Advancement of Malaysia Entrepreneurs ("SAME") Advisory Board Meeting	14 April 2015
Datuk Dr Tan Kim Heung	Governance, Director Duties and Regulatory Updates Seminar 2015	25 February 2015

PRINCIPLES 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

The Board should ensure financial statements are a reliable source of information.

Recommendation 5.1

The Audit Committee should ensure financial statements comply with applicable financial reporting standards

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and comprehensible assessment of the Group's financial position and prospects and ensures that the financial results are released to Bursa Securities within the stipulated time frame and that the financial statements comply with regulatory reporting requirements. In this regard, the Board is assisted by the ARMC in overseeing and governing the Group's financial reporting processes and the quality of its financial reporting.

The financial statements are prepared on a going concern basis and give a true and fair view of the financial position of the Group as at 30 June 2015.

In addition to the Chairman's Statement, the Annual Report of the Company contains the following additional non-mandatory information to enhance shareholders' understanding of the business operations of the Group:

- Management's discussion and analysis; and
- Financial trends and highlights, key performance indicators and other background industry notes deemed necessary.

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the Group and of the Company's state of affairs, results and cash flows. The Directors are of the opinion that the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgements and estimates, and that the financial statements have been prepared in accordance with Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements of Bursa Securities.

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

The Directors are satisfied that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable proper financial statements to be prepared. They have also taken the necessary steps to ensure that appropriate systems are in place to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities. The systems, by their nature can only provide reasonable and not absolute assurance against material misstatements, loss and fraud.

Recommendation 5.2

The Audit Committee should have policies and procedures to assess the suitability and independence of external auditors

The policy and procedure to assess the suitability and independence of external auditors can be viewed on our website.

The ARMC meets periodically to carry out its functions and duties pursuant to its terms of reference. Other Board members also attend meetings upon the invitation of the ARMC. At least twice a year, the ARMC meets with the external auditors without executive Board members present.

The Board maintains a transparent and professional relationship with the Group's external auditors. The criteria for the external auditors assessment include quality of services, sufficiency of resources, communication and interaction, audit planning, independence, objectivity and professional skepticism. In determining the independence of PricewaterhouseCoopers, the ARMC reviewed all aspects of their relationships with them including the processes, policies and safeguards adopted by the Group and PricewaterhouseCoopers relating to audit independence.

The non-statutory audit fees incurred for services rendered to the Group by PricewaterhouseCoopers Malaysia and member firms of PricewaterhouseCoopers International Limited for the financial year ended 30 June 2015 was RM756,000 [2014: RM108,000 – fees paid to BDO (former external auditors)]. Additional disclosures on non-statutory audit fees can be found in ARMC Report.

The Board has considered the non-audit services provided during the year by the auditors and are satisfied that the provision of those non-audit services during the year by the auditors are compatible with the auditors' independence requirements.

The Company requires that the engagement partner involved in the external audit should not remain in a key audit role beyond five (5) years and cannot be re-engaged to play a significant role in the audit of the Company for at least another two (2) successive years. This is consistent with current By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

The Board should establish a sound risk management framework and internal controls system.

Recommendation 6.1

The Board should establish a sound framework to manage risks

The Board has established a framework to formulate and review risk management policies and risk strategies. Information on the Group's internal control is presented in the Statement on Risk Management and Internal Control.

Recommendation 6.2

The Board should establish an internal audit function which reports directly to the Audit Committee

Group's internal audit function is carried out by the Internal Audit ("IA") Department, which reports directly to the ARMC on its activities based on the approved annual Internal Audit Plan. The function comprises a dedicated in-house team of qualified professionals based in Putrajaya. The internal audit function is independent of management and has full access of all IOIPG Group's entities, records and personnel.

The appointment, resignation and dismissal of the Head of IA is reviewed and approved by the ARMC. The ARMC also provides input on the annual performance appraisal of the Head of IA. The Head of IA has unfettered access to the ARMC, the Board and management. The Head of IA and a number of internal auditors of the IA Department are members of The Institute of Internal Auditors Malaysia.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Companies should establish corporate disclosure policies and procedures to ensure comprehensive, accurate and timely disclosure.

Recommendation 7.1

The Board should ensure the Company has appropriate corporate disclosure policies and procedures

The Board reviews and approves all quarterly and other important announcements. The Company announces its quarterly and full-year results within the mandatory period. The financial statements and, where necessary, other presentation materials presented at the Company's general meetings, including material and price-sensitive information, are disseminated and publicly released via BURSA LINK on a timely basis to ensure effective dissemination of information relating to the Group.

To ensure that communications to the public regarding IOIPG Group are timely, factual, accurate and complete, we have put in place a Media Disclosure Policy which outlines the central principles and practices in communicating with the media.

This Media Disclosure Policy is applicable to all Directors, those authorised to speak on IOIPG Group's behalf as well as all the employees of IOIPG Group. It covers Media Guidelines comprising media protocols to engage with the media in a responsible, productive, and positive manner whilst keeping the integrity of IOIPG Group in mind.

Recommendation 7.2

The Board should encourage the Company to leverage on information technology for effective dissemination of information

The Company's website is the key communication channel for the Company to reach its shareholders and general public. The Investor Relations section enhances the investor relations function by including all announcements made by the Company, financial results, annual reports, corporate presentation, financial calendar as well as enquiries. The shareholders and general public may direct their enquiries on the Company via "Enquiries" and the Company's Investor Relations team will endeavor to reply to these queries in the shortest possible time.

There is also a section focusing on corporate governance and outlined in that section are the Company's Board Charter, Code of Ethics for Directors, Code of Business Conduct and Ethics, Statement on Corporate Governance, Statement on Risk Management and Internal Control, Whistleblowing Policy and various corporate governance initiatives.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board should facilitate the exercise of ownership rights by shareholders.

Recommendation 8.1

The Board should take reasonable steps to encourage shareholder participation at general meetings

All shareholders of the Company receive the Annual Report of the Company and the notice of AGM, which notice is also advertised in the press and released via BURSA LINK. The chairmen of the ARMC, NRC and the external auditors were present at the last AGM, and will endeavour to be present at the 2015 AGM to assist the Directors in addressing queries raised by the shareholders. Historically, the Company's AGMs have been well attended. It has always been the practice for the Chairman to provide ample time for the Q&A sessions in the AGMs and for suggestions and comments by shareholders to be noted by management for consideration.

Recommendation 8.2

The Board should encourage poll voting

The Company provides for separate resolutions at general meetings on each substantial issue. Pursuant to the Articles of the Company, all resolutions put to the vote at a general meeting of the Company shall be decided on a show of hands unless before or upon the declaration of the result, a poll is demanded as follows:

- (i) by the Chairman of the meeting; or
- (ii) by at least two (2) members present in person or by proxy or by attorney or in the case of a corporation by a representative; or

STATEMENT ON CORPORATE GOVERNANCE (Cont'd)

- (iii) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative and representing not less than one-tenth (1/10) of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by proxy or by attorney or in the case of a corporation by a representative holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid-up equal to not less than one-tenth (1/10) of the total sum paid-up on all the shares conferring that right (excluding treasury shares).

At the commencement of every general meeting, the Chairman informs shareholders of their right to demand a poll vote in accordance with the Articles.

Pursuant to Paragraph 10.08(7A), Chapter 10 of the Main Market Listing Requirements of Bursa Securities, the Chairman of the meeting will be exercising his rights under Article 69 of the Company's Articles for resolution approving related party transaction(s) at the general meetings and at any adjournment thereof to be put to the vote by way of poll.

Recommendation 8.3

The Board should promote effective communication and proactive engagements with shareholders

The Company strives to maintain an open and transparent channel of communication with its stakeholders, institutional investors and the investing public at large with the objective of providing a clear and complete picture of the Group's performance and financial position as possible. The Company believes that a constructive and effective investor relationship is an essential factor in enhancing value for its shareholders. However, whilst the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The AGM is the principal forum for dialogue with shareholders, who are given the opportunity to enquire and seek clarification on the operations and financial performance of the Group. In addition, the Company uses the following key investor relation activities in its interaction with investors:

- Meeting with analysts and institutional fund managers;
- Participating in roadshows and investors conferences; and
- Participating in teleconferences with investors and analysts.

The Group has also established several websites with the main one being www.ioiproperties.com.my for shareholders and the public to access corporate information, financial statements, news and events related to the Group on a timely basis. Material facts and presentation materials given out at above functions are made available on the Group's website to provide equal opportunity of access for other shareholders and the investing public and to allow them to write in to the Group if they have questions.

During the financial year, the Group had approximately 39 meetings with analysts and investors. The Group enjoys a relatively high level of coverage and exposure to the investment community.

Besides the above, management believes that the Company's Annual Report is a vital and convenient source of essential information for existing and potential investors and other stakeholders. Accordingly, the Company strives to provide a high level of reporting and transparency that goes beyond mandatory requirements in order to provide value for users.